Penalty on IDBI for violation of rules

1373. SHRI VARINDER SINGH BAJWA: Will the Minister of FINANCE be pleased to state:

(a) whether RBI has recently imposed to penalty of rupees five lakh on the IDBI Bank for violation of rules, etc.;

(b) if so, the details thereof;

(c) whether IDBI management has fixed responsibility of the officials responsible for flouting the rules for which RBI has imposed penalty;

(d) if so, the names of such officials and the action, if any, taken against them; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Reserve Bank of India (RBI) has imposed a penalty of Rs. 5 lakh on Industrial Development Bank of India Ltd. (IDBI) on 24th February, 2006 for extending finance for Initial Public Offering in excess of the limits specified for individuals, by following pooling of funds for certain individuals. Further, a penalty of Rs. 5 lakh was also imposed on the bank on 21st August, 2006 for violation of RBI guidelines on opening of accounts, Know Your Customer (KYC) norms and extant guidelines of RBI relating to IPO financing.

(c) to (e) IDBI has initiated action to fix staff accountability in this matter. RBI has advised that divulging the names of the employees would not be appropriate at this stage.

Transfer of plan assistance to States

1374. SHRI HARISH RAWAT:
SHRI SANTOSH BAGRODIA:

Will the Minister of FINANCE be pleased to state:

(a) the basis of transfer of plan assistance to States as 70 percent loan and 30 percent grant;

(b) whether any State has requested for modification in the loan grant pattern; and

(c) if so, what is the request of the State Governments and by when the demand of States is likely to be acceded to?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Plan assistance is transferred to States, on the basis of the Gadgil-Mukerjee Formula last approved after modification in December 1991. As per this formula Normal Central Assistance (NCA) for all general States is distributed in the loan-grant ratio of 70:30.

(b) and (c) Rajasthan raised the demand in the last National Development Council meeting in June, 2005 for enhancing the grant component of Central Assistance. However, there is no proposal under the consideration of Planning Commission for modification in the loan-grant pattern for the allocation of Normal Central Assistance.

Cloning of credit cards

1375. SHRI SANJAY RAUT:
SHRI S.S. AHLUWALIA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of complaints of credit cards issued by several banks and international credit cards being cloned and unauthorisedly used by unscrupulous elements;

(b) the details of instances of cloning of credit cards brought to light indicating the nature of probe conducted, if any, by the concerned bank and/or police;

(c) the details of outcome of the completed probe, if any; and

(d) the steps taken by banks to eliminate cloning and to provide their customers clone-proof credit cards and/or ensure appropriate security cover to credit card holders against unauthorised use of the facility by means of such unscrupulous technological innovations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir. A few instances of frauds by skimming of credit cards have been reported to RBI, whereby the miscreants copied the data from the magnetic stripe of customers' genuine card and misused the same through a duplicate card.

(d) RBI has issued a circular to all commercial banks on 26th June, 2006 listing out various measures that could be initiated by the banks